



July 19, 2002

Mr. Tony Usibelli  
Energy Division Director  
Washington State Office of Trade  
and Economic Development  
P.O. Box 43113  
Olympia, WA 98504-3113

Dear Mr. Usibelli:

The Northwest Independent Power Producers Coalition (NIPPC) welcomes the opportunity to participate in the Energy Strategy process. As a group, we look forward to helping to meet the challenge of creating the right environment for abundant and affordable energy.

The following comments are directed to the Guiding Principles section of the existing strategy, as we believe this will help define critical areas for discussion during the course of the stakeholder process.

While the majority of the Guiding Principles are still valid today, our comments are focused on three in particular, which we believe may need some additional attention in terms of how they are developed and interpreted in the body of the revised strategy. Also, we have outlined two additional principles that are crucial for the security and reliability of energy for the long term.

#### **A. Existing Guiding Principles**

##### **a) Implement Cost effective energy policies that minimize environmental damage**

This is a sound principle and one that should be retained. However, energy policies must be viewed against the total fiscal and taxation regime to ensure a fair balance between the cost of new generation and the need to preserve the environment. If, for example, the financial burden of building new generation, including environmental considerations, becomes too great, then new facilities may be delayed or cancelled or relocated outside

the state or region, ultimately handicapping the ability to develop a diversified and resilient supply base.

**b) Use market forces - including fair competition and consumer choices - where possible, along with clear, fair rules and laws to accomplish objectives**

It is essential that this principle be maintained. The market and the use of market forces will provide the most efficient way to ensure future adequacy of power supply and competitive prices to the consumer, as well as placing the associated risk with the private sector. As such, fair and equitable market rules and regulations become even more critical to ensure the continued growth of generation and the retention and attraction of private investment.

**c) Cultivate diversity in Energy Supply, including new technologies and renewable resources**

Diversity in energy supply should include, among other things, the expanded use of natural gas as a clean-burning fuel of choice for power generation. Today, only 8% of the State's generation is gas-fired.

Existing and future gas supply and gas reserves can support considerably increased expansion of this fuel source well into the future, which will help to ensure less dependence on hydro power and increase the ability to provide the large bulk supply necessary to support economic growth at a reasonable cost.

In addition, we believe it is essential to balance the need for new and diverse energy supply within the State, with the benefits that Washington enjoys in being part of an integrated western system for the delivery of power and natural gas on a cost effective basis.

**B. Proposed new Principles**

**a) Ensure the construction of, and non-discriminatory access to, transmission infrastructure.**

Encourage the timely construction of a power infrastructure and fair and equitable access to existing and new infrastructure to guarantee delivery of the most competitive resources to the consumer. It is critical that the State, in concert with the region and the federal authorities, encourage the resolution of the issues of planning, funding and regulating power transmission in particular. This issue affects not only decisions on future generation, but also the efficient delivery of existing generation.

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**b) Ensure individual load serving entities have sufficient control over existing and future resources.**

To ensure that the market is responsive, encourage the devolution of responsibility for load and the associated resource acquisition to the appropriate level i.e. the load serving entities. These entities have the knowledge of the consumer to ensure that market and demand signals are being acted upon in a timely and proactive manner.

Once again thank you for the opportunity to contribute to the Energy Strategy process, we look forward to the next meeting in August. In the meantime should you have any questions or comments, please feel free to contact myself at (403) 218 1074 to Dave Robertson of PG&E National Energy Group at (503) 833 4611.

Respectfully yours,

John J. Maher  
Manager, External Affairs  
Mirant Americas, Inc.

On behalf of the Northwest Independent Power Producers Coalition